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## DEVELOPING CORE COMPETENCIES OF SME MANAGERS USING HEUTAGOGY PRINCIPLES

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**Summary:** What are the most effective ways of educating today's young SME managers and entrepreneurs? How can a formal tertiary education institution become a good supporter and partner in developing the most important entrepreneurial skills for managing modern SMEs in the environment of global competition? In today's world of constant hunting down for innovation it is getting obvious that learning and developing of entrepreneurial skills at the early stage is becoming vital for most new SME managers. Czech tertiary institutions are often criticized for not meeting the increasing market needs for changing knowledge and skills especially in SME management. Effective development of entrepreneurial skills requires changes in approach toward traditional learning from both sides – from educator and from students as well. Heutagogy was developed and introduced in 1999 as a learner-centered and self-determined concept, which encourages students to become more proactive during their learning process. With information more easily accessible and students capable of using modern technologies, the classes are becoming more a place of sharing and discussing rather than traditional knowledge transferring. This is also accelerated by the fact that many students of entrepreneurship and SME management often start their working career while still studying. First experience with using principles of heutagogy in entrepreneurship and SME management education shows very promising direction.

**Keywords:** entrepreneurship, SMEs, heutagogy, learner-centered development

### 1. EDUCATING FUTURE ENTREPRENEURS

World needs more entrepreneurs and Europe needs them especially. Czech Republic is not an exception. In the global market environment with strengthening competition the need for innovation is ever present and demand for people with entrepreneurial competencies is increasing. Besides traditional entrepreneurs who can be found mainly in small and medium business environment, there can be noticed significantly increasing demand for corporate entrepreneurs from large corporations. Increasing focus on talent management is one of the signs, which confirm this trend. Surveys suggest that profiles and core competencies of talents in many corporations are very similar to profiles and characteristics of corporate entrepreneurs, often also called intrapreneurs.

#### 1.1 CURRENT EDUCATION SYSTEM AND DEVELOPMENT OF ENTREPRENEURS

As the demand for people with developed entrepreneurial competencies is rising in both SME's and corporate world, it created a natural demand for education and developing both future entrepreneur and intrapreneurs. Today's college and university students, called Millennials, grew up in very different environment to previous generation. They are used to learn from different sources and they are more comfortable with computers, smart phones or tablets more than pen and paper.

Students interested in studying entrepreneurship are often those with a significant potential of entrepreneurial competencies development. Many of those students have work experience often from family business environment; some of them are founders and owners of their own business. Those young people express in their feedbacks urgent need for more practical, more interactive and “hand-on” style of education that would be immediately transformed into their existing projects. This is one of the key characteristics of most tertiary student needs today in the Czech Republic, but students of entrepreneurship find this need critical. It can have a fatal influence on their business projects and determine their success.

## **1.2 CHALLENGES IN ENTREPRENEURIAL EDUCATION**

To adapt the existing entrepreneurial education for modern business environment, universities and colleges face challenges which they do not have previous experience with. Those challenges can be divided into three main categories:

- challenges for educators
- challenges for students
- challenges for system

### **1.2.1. Challenges for educators**

New techniques and new media need to be implemented in current education programs in order to truly support development of entrepreneurial competencies. This requires educators to adapt and develop new competencies as well. The positive thing is that more university professors and assistants already have found innovative ways to bring new media into the classrooms however it is still very much dependent of their personal passion and enthusiasm for new technologies. McLoughlin & Lee (2010) identify in their report specific affordances of social media – connections and social rapport, collaboration (information finding and sharing), learner-generated content, and accumulation of knowledge and information – that contribute to the cognitive development of students.

### **1.2.2. Challenges for students**

To be able to succeed in the real world of entrepreneurship, students need to learn broader and more complex set of competencies. They need to participate in education more actively and besides gaining knowledge to be also able to develop a portfolio of entrepreneurial skills and attitudes. This requires significant change in a way how students contribute to classes, interact with educators and among themselves. The skills of using of new tools like social media are also required, however researches show that this is less significant challenge for students than finding a proactive attitude towards learning. Blaschke, Porto, & Kurtz (2010), in their recent research confirm that, from a student perspective, the active use of social media may increase interaction levels (student-student, student-instructor, and student-content) and promote the development of cognitive and meta-cognitive learning skills, such as reflection, critical thinking, construction of knowledge, and understanding of one’s individual learning process.

### **1.2.3. Challenges for system**

The system of educating future entrepreneurs also needs to be adapted to new requirements from the market. Although educational technology has been usually slow to catch up, some changes have already started to be implemented. For example according to the Pearson Social Media in Higher Education Survey (2010), over 80% of college faculty is using social media, with 52% of faculty using social media in the classroom. This research was using a sample of

939 individuals from US higher education institutions. This looks like a very good result, however the survey points out that the use of social media is primarily passive. Only about 10% of faculty uses social media in an active way. I believe that those numbers could be similar or even lower in the Czech Republic. The absence of appropriate system and guidelines together with long-term lack of adequate investment in education limits usage of modern ICT tools in supporting entrepreneurial development.

## **2. HEUTAGOGY AND PERSONAL DEVELOPMENT**

The changes we have been witnessing in the last decade in HR development are revolutionary. Since we live in a society which has made a high technical progress and information is now within a reach for most population in our country, advanced learning according to many education professionals should be more self-determined: it means that the student determines what and how learning should take place. With the term derived from the Greek word for “self”; with “agogos” meaning “leading” and based on theories of self-determined learning, the term heutagogy was coined by Hase and Kenyon in the late 1990’s. Heutagogy represents the concept of truly self-determined learning. Recent researches suggest that heutagogy could bring appropriate forms of learning to the needs of current students of entrepreneurship.

### **2.1. HEUTAGOGY, ITS PRINCIPLES AND BENEFITS**

According to Hase (2002) heutagogical approach recognizes the need for flexibility in the learning process where the educator provides resources but the learner designs the curriculum, not just the learning process, by negotiating the learning. The focus is mainly on development of individual capability, individualized learning and independent learning. Ford (1997) argues that learning should be more “knowledge sharing” rather than “knowledge hoarding”. Hase confirms that heutagogy can have a significant potential future of learning when knowing how to learn will be a fundamental skill given the pace of innovation and the changing structure of communities and workplaces.

Many discoveries about motivation to learn were made by Rogers (1969). He suggests that people want to learn and have a natural inclination to do so throughout their life. He based his student-centered approach on five key hypotheses:

- We cannot teach another person directly: we can only facilitate learning;
- People learn significantly only those things that they perceive as being involved in the maintenance or enhancement of the structure of self;
- Experience which if assimilated would involve a change in the organization of self tends to be resisted through denial or distortion of symbolization, and the structure and organization of self appear to become more rigid under threat;
- Experience which is perceived as inconsistent with the self can only be assimilated if the current organization of self is relaxed and expanded to include it; and
- The educational system which most effectively promotes significant learning is one in which threat to the self, as learner, is reduced to a minimum.

Being able to learn according to heutagogical principles would have also an impact on corporations, HR work in management and employee development area specifically. The self-determined approach would have a positive effect on training effectiveness which would result in cost savings in training and development budget.

## 2.2. APPLICATION OF HEUTAGOGY IN TERTIARY EDUCATION

Research on motivation combined with heutagogical theory would suggest that there is a need to develop an understanding of how to use and develop existing potential of employees through self-determined learning (Graves, 1993, Hase 2002). According to Hase (2002) today's world is no place for the inflexible, the unprepared, and the ostrich with head in sand, and this applies to organizations as well as individuals. He believes that capable people are more likely to be able to deal effectively with the turbulent environment in which they live by possessing a capacity centered on self-efficacy, knowing how to learn, creativity, the ability to use competencies in novel as well as familiar situations and working with others. Therefore heutagogy should be applied soon in your people's life and it seems that tertiary education could take the role of it.

## 2.3. COACHING AS A KEY HEUTAGOGICAL TOOL

Heutagogy was first introduced in 1999 (Hase and Kenyon). Establishing well in Australia, heutagogy is still relatively unknown in Central and Eastern Europe, the Czech Republic respectively. Based on this fact its implementation can be considered as relatively difficult in official education providing institutions. On the other hand one part of heutagogy is recently booming and is in high demand both from companies and individuals, students included. This is coaching, a specific way of development dealing with human potential and motivation as it defined by J. Whitmore.

Therefore coaching could become a useful heutagogical tool and entry initiative for implementing heutagogical principles in tertiary education programs. In the Czech Republic coaching has become very popular way of management development especially after 2005. Most of the large corporations are currently using external coaches for their executives with the average length of coaching programs consisting of 6-12 months (Barton, 2012). Based on its common measurable successful outcomes many of those corporations are lately investing into their internal coaches development to be able to introduce coaching to wider target group. Coaching culture is becoming a desired target.

Coaching is also used as a powerful management style especially in competitive industries with highly skilled professionals. Examples are financial sectors, telecommunications and IT. In 2002 a survey of HR professionals involved in organizations, was conducted by the Hay Group in a paper entitled "The Future of Executive Coaching." Here are some key findings from the study:

**Table. 1: Hay survey outcomes**

	<b>Participants</b>	<b>Stakeholder observations</b>
Positive Reaction to coaching	86%	74%
Behavioural Change	73%	54%
ROI increase	75%	75%

### **How coaching was used:**

Enhancing interpersonal skills	35%
Enhancing management skills	18%
Enhancing business agility/credibility	15%
Enhancing leadership skills	14%
Fostering personal growth	12%

From the data above it can be indicated that coaching in corporations is mainly used for skills development but it deals with motivation and attitudes as well by its definition. In tertiary institutions coaching has been recently introduced and it has been gaining high level of attention from students. The results of its implementation into first programs are suggesting that using coaching brings those benefits:

- Students say they are able to focus better on the discussed topics and gain more knowledge out of their learning
- Students evaluate themselves being more motivated and disciplined with time management
- Students improve soft skills while learning (especially interpersonal skills)
- Learning happens through many resources and students are actively involved in their search, it is not just limited to knowledge transfer from educator to students
- Sharing is a key component of learning process so team or group coaching can be applied successfully

According to Hase heutagogy is seen primarily applicable to vocational education and tailor-made company training. Universities might find some challenges in applying heutagogy, especially in terms of assessment. The principles of heutagogy seek to democratize the assessment process by allowing it to be driven by the realities of the “real world”.

### **3. CONCLUSIONS AND FURTHER RESEARCH**

Heutagogy represents unique approach to adult education and could bring some revolutionary principles into tertiary education. This would also increase the connection between official education of students and the application of gained competencies in practice later on. It seems to be relevant especially for educating young potential entrepreneurs as it develops non-directly many competencies in their profile.

The further research is planned especially in connection of using coaching and social media in education, which is another important heutagogical tool. Social media would provide another opportunity for engagement students in the process of learning.

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